

# Dividends, Sick Pay Are Among Items To Be Reported on Form

(Editor's note: This is the fifth and final dispatch on how to pay your Federal income taxes)

By EDWARD COWAN  
United Press International  
Washington—(UPI)—Dividends, sick pay, pensions, savings bonds, . . . Reporting these on your income tax return requires knowledge of a few special rules.

Like all other forms of income, dividends and interest must be reported on your tax return. Lots of people do not know this, or conveniently forget it. The Internal Revenue Service estimates that last year some five billion dollars of dividends and interest went unreported and Uncle Sam lost about \$500 million in taxes.

To get people to pay taxes on dividends and interest, the IRS is making a special effort to remind people they are taxable. Commissioner Dana Latham has also promised that tax agents around the country will be checking individual returns more closely for dividends and interest.

**Interest**—All interest received or credited to your savings or building and loan account is taxable like ordinary income, even though it is not

actually withdrawn from the bank.  
**Dividends**—The first \$50 of dividends you receive during the tax year are not taxable. In addition, you may take a credit against your tax of up to 4 per cent of dividends above \$50.

Generally speaking, this rule applies to dividends paid on the common and preferred stocks of fully taxable U.S. corporations. They do not apply to so-called "dividends" paid by savings bank and similar institutions. These "dividends" are actually taxable interest. Dividends on life insurance policies are not considered income for tax purposes.

Here are examples of how the dividend rule works:  
A taxpayer received \$25 in dividends last year. He reports this income but does not include it on his taxable income because it is less than the \$50 exclusion.

A stockholder received \$90 of dividends from his shares. He reports the \$90, excludes the first \$50 from his taxable income and pays tax on the remaining \$40. But he then may take 4 per cent of the \$40 as a credit against his tax bill, thereby reducing it by \$1.60.

A husband and wife filing jointly may not combine the \$50 exclusion but may take two separate ones. Suppose he had dividends of \$60 and she received \$40. He reports the \$60, pays tax on only \$10 and takes 4 per cent of \$10 as a credit. Her \$40 of dividends is reported but excluded. Her \$10 of unused allowance may not be used against the husband's dividends.

**U.S. Savings Bonds**—If you own U.S. savings bonds, you may report the interest each year or defer reporting until the bonds are matured or cashed. On an E bond, the interest is the difference between the purchase price and the bond's present cash value.

Once you elect to report the interest each year, you must continue to do so for all bonds owned and those subsequently acquired. You may not abandon annual reporting unless you first received permission from the IRS.

**Sick Pay**—You may deduct up to \$100 a week for sick pay under certain conditions. If you were sick at home for more than seven consecutive days, the pay you received starting with the eighth day may be excluded from

your income. You may deduct one-fifth of your weekly pay (but not more than \$20) for each day missed if you are on a five-day week; one-sixth (but not more than \$16.67) if you work a six-day week.

You may deduct sick pay starting with the first day if you were away from the job because of injury, no matter where suffered, or if your illness caused you to be a hospital patient for at least one day. Again, you may not deduct more than \$100 a week.

If you claim sick pay deductions, be sure to attach Form 2440 to your return to support the claim. This form can be obtained at your nearest Internal Revenue Service office.

**Retirement income**—Certain kinds of income are not taxable and need not be reported. They include Social Security benefits, Railroad Retirement Act pensions, veterans pensions, benefits to families of veterans, or payments for injury or sickness to military personnel disabled in active service.

Some retirement income is only partly taxable. In general, any contributions you made toward a pension during the years you were work-

ing come back to you tax-free.

If your employer paid all of the costs of the pension system you are taxable for the payments as you receive them. However, if you paid taxes on the contributions as he was making them to your pension fund or if you paid part of the cost, you may now receive tax-free the portion you paid in or paid taxes on. **Can Get Credit**

In some circumstances you can get a credit for part of the taxes you pay on retirement income. The credit—amount by which your tax bill is reduced—is 20 per cent of your retirement income up to \$240 per person.

To be eligible for this credit, you must have reached 65 by the end of 1959, unless you were a civilian employee of federal, state or local government or a member of the Armed Forces, and are receiving income under a public retirement system. You (or your deceased spouse) also must have earned \$600 a year in each of the 10 years prior to 1959. They need not have been consecutive years.

If you are 65 or older, retirement income for the purpose of computing your tax credit includes your taxable income from pensions, annuities, interest, dividends and rent. If you are under 65, the only retirement income on which you can get credit is that which comes from a public retirement system.

Regardless of your age, retirement income does not include money you are now earning.

## A DOG'S LIFE

New York—(UPI)—A total of \$500 million will be spent on dogs in the U.S. this year on items ranging from pajamas and opera cloaks to reversible raincoats and lounging robes, according to the Quaker Oats Co., makers of dog food. The company also predicts that the poodle, the "clothes horse" of canine society, will be the country's most popular pure bred dog next year.

## RX EQUALS \$

New York—(UPI)—Approximately 655 million medical prescriptions were filled in the U.S. last year at a total cost of about \$1,600,000,000 according to industry estimates. The average price of prescription drugs was \$3.08 while "miracle drugs" cost about \$4.40 each.

8 MAIL TRIBUNE, Medford, Or.  
Friday, Jan. 29, 1960

## Statement Termed As 'Laughable'

Portland—(UPI)—Democratic State Chairman Robert Straub today termed as "laughable" a recent statement that the Republican party has worked for labor's interests in Oregon.

Straub said State GOP Chairman Peter Gunnar and his public relations man "really strained to make a press release. Almost as hard as he has on his trivial attacks against Senator Richard Neuberger."

Straub cited the anti-picketing law he said was passed by a Republican-dominated Legislature and repealed by the Democratic-controlled 1959 Legislature. He also charged Republican Legislators allowed industry lobbyists to "nearly wreck" the unemployment insurance fund by lowering contribution rates.

"I also might ask whose interests Governor Mark Hatfield was trying to serve when he vetoed the independent log truckers bill which would have permitted small log truckers to make a living," Straub added.

**VETERAN EXERCISE BOY**  
Miami, Fla.—(UPI)—Pinky Browne has been an exercise boy for Ben Jones of Calumet Farm for 36 years.



## Small Worlds Around Us

By Lynn M. Watkins

### Some Can Sleep Soundly Balanced on One Leg

The sleeping habits of the wild things are often dictated by the necessity of the moment; some, of course, follow a regular pattern, seldom deviating from the established habits of their kind; others may use considerable ingenuity or foresight in selecting a safe place.

Sleeping while standing on one foot would seem to be about as difficult a way of relaxing as could be imagined, yet many of the shore birds do. The great blue heron sleeps soundly while balanced on one leg. The flamingo does, too, and complicates it by hiding its head under one wing at the same time. About the only time these creatures sit down is while incubating eggs. The perching birds sit down to sleep, holding onto a tree branch.

Much more comfortable are the sleeping habits of sea gulls as well as most members of the duck family. Along with the pelicans, most of these creatures sleep on the water, the distance from

shore giving them a cushion of safety from land predators.

Many of these birds, while sound asleep, paddle occasionally with one foot. This propels them slowly in a tight circle; it also holds them in position when a water current is present. Usually too, many individuals gather in a group, or "raft," and sleep in a social gathering.

### Waterfowl 'Talk'

And, too, many waterfowl appear to maintain a close contact with other members of the group by quietly babbling in their sleep as if conversing drowsily with one another.

No more interesting sleep pattern could be exhibited than that of the quails. These little brown birds go to bed in a tight little circle, all heads pointing out, all tails pointing toward the center. Regardless of the direction from which an enemy might approach, one or more of the birds would be facing it and would be alarmed.

If the enemy is near and flight is indicated, the entire circle "explodes," every indi-

vidual having an uncluttered path with no danger of colliding with a neighbor.

### Sea Creatures Differ

In direct contrast to an established sleep pattern and location, where habit has indicated survival is more or less assured, are the animals of the sea. Many of these are "homeless wanderers"; they must sleep wherever night overtakes them. The porpoise, for one, has the entire ocean for a bedroom. Most of the fish, too, are terribly short

### DISPOSAL UNIT

Rutland, Vt.—(UPI)—When fireman Frank Walsh answered an alarm at his own home, he learned the blaze was started when his daughter emptied an ash tray into a pair of shoes.

of "home ties." To them "home, sweet home" is a matter of time rather than location.

(Released by The Register and Tribune Syndicate, 1960)

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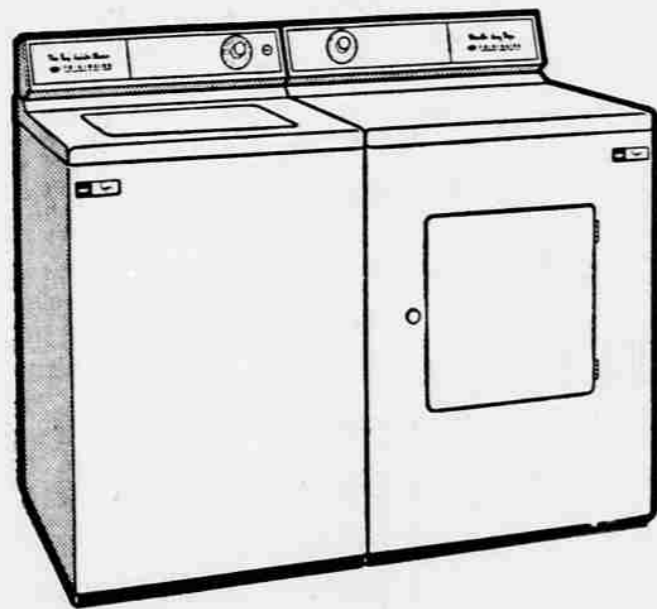
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